Remarks:

The previously presented Claim 1 has been amended to better use the terminology in the application as filed, thus clarifying what Applicants' consider to be their invention. Claim 6 has been cancelled. Newly presented claims 7 through 12 are submitted for consideration.

The base reference (Frank) does not anticipate or make obvious Applicants' claimed invention. The Examiner states that Frank does not disclose determining pre-tax constraints and investment characteristics and transforming those into a set of after-tax constraints and investment characteristics, etc. Applicant's agree that Frank does not show these aspects of Applicants' invention. Also, as previously stated, Frank does not deal in any way with determining the optimal investment allocation between asset classes. Rather, Frank describes a method of determining investment allocation, given that the allocation as between "investments" is already specified. With such investment allocation already determined, Frank suggests a scheme by which one might allocate such holdings between the two specified types of accounts. Nor does Frank teach the possibility of general linear constraints on combinations of asset classes. Frank may at best suggest using fixed allocations of assets, thus predetermining a single constraint, but does not teach how to convert this single constraint to after tax equivalents prior to the disclosed optimization. Accordingly, Applicants' claims are patentable over Frank.

By the attached Declaration, The Maggioncalda et al. publication has been removed as prior art, since Applicants' invention was made in the US prior February 1, 2000, the effective date of the Maggioncalda et al.. Accordingly, the combination of Frank and Maggioncalda et al. in the subject final rejection must be withdrawn.

The Examiner's citing of published application 2005/0154658 (Bove et al.) is noted with thanks. However, Bove et al. does not teach Applicants' methods, and does nothing of make up for the shortcomings of the applied references. Bove et al discusses a process to allocate a customer's assets to various funds of a mutual fund company based on a given or stated client allocation preference. Neither pre-tax returns nor after-tax returns are part of the allocation process. The

clients funds are proposed to be invested according to a predetermined hierarchy of the fund products available from the company. Clients or their advisors are notified if the automated system would generated a taxable event as a result of proposed sales from the client's investments.

Accordingly, all of Applicants' Claims 1, 2 and 7 through 12 are now in condition for allowance. If there any remaining issues, the Examiner is invited to call Applicants' attorney to resolve them.

Respectfully submitted,
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